

I. BASIC ECONOMIC RENOVATION

Since the VI Congress, new views about the economic renovation have been added and developed incessantly. After nearly 10 years, many great changes have been made to institutions, mechanism, concept, etc., but the most outstanding change was the economic change which showed itself in the following aspects:

1. The command economy directed by the Government through administrative orders and subsidization was changed to the market mechanism under the management of the Government. It's the change from direct distribution of resources according to the plan, to distribution of

from international competition, the gap between Vietnam and the world level of development became larger and larger, and Vietnam didn't take part in international labor division and co-operation.

- Being closed to internal factors: The economy was self-sufficient. There was no connection and co-operation between provinces, industries, zones or systems. Everything was done according to administrative orders without horizontal co-operation. The economy went against the laws of social production leading to enormous waste of resources.

At present, in the trend towards

of independent economic accounting. So the business itself has to make decision and plan for its operation basing on the macro-economic policy of the Government and the market demand.

The difference between the two mechanisms and change from the old to new economic mechanism inevitably force the Government to change its way of functioning.

II. THE ADMINISTRATIVE REFORMATION

The Government, with its task of controlling the public affairs of the country, is always a political power coming between the ruled and ruler.



THE ADMINISTRATIVE REFORMATION AND ECONOMIC DEVELOPMENT

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resources directed by the market. This is a great change in the economic mechanism and institution.

2. The policy on eliminating capitalist ownership, narrowing private ownership and increasing public ownership was put aside, the Government has adopted new measures to develop the multi-sector economy with diverse forms of ownership, including private ownership, at all levels.

3. We have changed from the closed economy to the open one. The closure, or impenetrability, of the economy in the past showed itself in two aspects:

- Being closed to external influences: the economy was separated

globalization and regionalization, the economy are gradually open to both external and internal influences.

These are basic changes in the economic mechanism and structure within the limits of the political regime. These changes were carried out in the process of forming the market economy under the correct management of the Government.

In the old mechanism, the Government was the organizer, decision-maker, commander, and controller of everything, from supplying, producing, consuming to deploying material, human and financial resources.

In the market economy, each business comes into existence as a manufacturer, a competitor or a unit

This power has control over a population living in a territory. In other words, the government includes characteristic activities and institutions of the human being. It establishes the society and ensures the operation of the society by forming relations between the ruled and ruler, between government officials and the people.

To carry out its functions, the government of our time includes the executive, legislative and judicial powers. Carrying out the executive power is considered as the backbone of administrative operation and organization. The national development depends on effectiveness of the public administration. The administration is conceived as operation of

government offices aiming at controlling and regulating the socio-economic life according to the law.

There is a relationship between the administration and politics, but the administrative reformation and political reformation develop rather independently. There are differences between them in governing principle, content, limit and method of carrying them out. The political reformation is related to the state and class; while the administrative reformation to the government. The administrative reformation connects the political and economic reformations. By reforming the administration, one could solve economic problems, and then, political ones. So improving effectiveness of the administration is not only a way to accelerate the economic growth, but also a way to solve problems facing the political system. In other words, improving effectiveness of the administration is essential to the economic and political development, that is, the administrative reformation is a top priority.

The realities show that the economic development of a nation isn't directly related to its political regime. Historically, the change of economic structure and taking off stage of developed capitalist countries took place during the period of the authoritarian regime or at the early stage of democracy.

Recently, high growth rate in many Asian economies is realized in conditions hardly relating to the democracy. Up to then, South Korea, Thailand, Indonesia were under military regime; Singapore and Taiwan were totalitarian countries but they could develop at top speed. On the other hand, in nations supporting a multiparty system, such as India, the economic growth rate was low. In the past, the process of industrialization in the US, Germany, Japan and the UK was closely connected with the administrative reformation and at present, the breathtaking development of Singapore, Thailand, South Korea, etc, is accompanied with the process of reforming the administration. In these countries, the administrative reformation is not only a way to accelerate the formation of political institutions, but also a decisive factor in social stability and development. Moreover, we learn by experience that the perfection of the legal system could only take place based on the well-developed administration. Effective administration is a means of equally distributing social benefits and struggling against the bureaucracy, corruption and power abusing.

The effective and honest admini-

stration created by the administrative reformation is a precondition for realizing rights and duties of the citizen as ruled by the law.

In short, carrying out reforms to enhance the effectiveness of the administration is chosen by most nations as a right and exact way to speed up the growth rate and obtain the stable and sustainable development. Vietnam isn't an exception.

Reforming the administration is a continuous and regular process taking place in the following fields:

1. Reforming the administrative institution: This task includes making laws, enforcing law and regulations in order to create legal infrastructure needed for all socio-economic activities of the people and businesses. In this field, for the time being, the VIII National Congress of the VCP has set out five urgent problems:

- Reforming the administrative procedure.

- Dealing actively with complaint and denouncement of the people.

- Building and perfecting new economic institutions.

- Renovating the legislative process.

- Improving the efficiency of law enforcement.

2. Rectifying the organization and operation of the administration: The economic mechanism is changing, the public sector along with other sectors are restructured, so the government machinery from central to local levels should be adjusted with a view to making it competent and well-arranged, and eliminating the patronage mechanism (one in which an organization or business should be under complete control of certain government bodies, usually a ministry).

3. Training an army of competent officials: the following are priorities:

- Promulgating the public service regime and statute of civil service; perfecting the echelon system, criteria of title; and reforming the salary scale.

- Forcing officials to take course (or refresher course) once every three or five years. The most important thing is that although they are given chances to take courses, but there are demands that they should really improve their efficiency.

- Giving tests frequently in order to force officials to enhance their knowledge and ability, thereby maintaining the effectiveness of the administration.

4. Modernizing the administrative machinery: the most important

measure is to computerize all sections of government machinery from central to local levels.

Thus, the basic tasks of the administrative reformation are to improve incessantly the administrative institutions, to build an army of officials of high competence and skill, and at the same time to expand the market economy, to increase the government's ability to control and accelerate the economic growth.

The administrative reformation, however, can't take place by itself, it needs a strategy which aims at making the administration better and more effective. This strategy should choose:

- enhancing the government's ability and effectiveness as its top priority.

- high - speed and continuous economic development as its orientation and target.

- forming modern economic structure and deploying reasonably and effectively all resources as its measures.

- perfecting administrative institutions and renovating the machinery as its main direction.

In short, carrying out the administrative reformation, enhancing the effectiveness of the administration are decisive factors in the economic development. How we achieve the planned economic targets, and how strong our economic competitiveness is, all depend on the administrative reformation and the effectiveness of the government.

In this reformation, one of the biggest obstacles is the inertness.

The transition from the centrally planned economy to the market mechanism usually meets with many difficulties originating from the innate conservatism. The old mechanism has produced great force of habit. All decisions were made by the superior. What remains to be done is to carry out these decisions.

In the new mechanism, all decisions should be made according to the economic laws (law of value, supply and demand, competition, etc.) The government will intervene when there's something the invisible hand can't solve. Many officials are strange to this way of thinking, and they show a tendency to return to old habits.

Moreover, reformation could be harmful to the interests of certain persons or groups of people. So the Government and Party should be determined to carry out this reformation, if not, it could produce little result only■